

# **State of Washington, Employment Security Department**

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## **Claimant Expenditure Survey, 2003**

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**Unemployment Insurance Division,  
Office of Research and Analysis**

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## Introduction

This report summarizes the results of the 2003 Employment Security Department (ESD) Claimant Expenditure Survey (CES). This annual survey was first conducted in 2002. The purpose of the CES is to explore how unemployment compensation returns to the economy through an analysis of claimant household expenditures. Policy and lawmakers interested in the household spending of people receiving unemployment compensation can use this information while making decisions. The CES is designed to be compared with the Bureau of Labor Statistics' Consumer Expenditure (CEX) Survey, a more in-depth, and largest-of-its kind survey of household spending in the United States.

## Agency Background

The mission of ESD is to help people succeed throughout their working lives. The Department accomplishes this by supporting workers during times of unemployment, by connecting job seekers with employers, and providing business and individuals with the information and tools they need to adapt to a changing economy.

ESD is the state's largest employment agency, helping to match a person with a job every 30 seconds of every business day. Last year Employment Security helped nearly 350,000 unemployed people in Washington State by providing payments while they looked for new work. And when thousands of businesses, students and job seekers needed information on the fastest growing careers, average wages or local economies, they turned to ESD.

The State of Washington's unemployment insurance program offers the first economic line of defense against the effects of unemployment. Through payments to laid-off workers, it ensures that at least a portion of the necessities of life (food, shelter and clothing) can be obtained while they search for work.

## Methodology and Response Levels

In 2002, the Unemployment Insurance (UI) Office of Research and Analysis developed the initial research model for the CES, designed the instrument, and conducted the survey for the first time. Several staff from the Labor Market and Economic Analysis (LMEA) branch of ESD provided support in developing the final research model. In 2003, a question on marital status was added

to the questionnaire. A number of criteria were established in selecting a survey universe. In order to be selected, a claimant must have made a valid claim with an effective date between April 27<sup>th</sup> and May 24<sup>th</sup> 2003. Combined benefit payments must have been between \$800 and \$1,984 for June 2003. Additionally, no single check amount could have exceeded \$496 during this time frame.

Based on an anticipated 60% response rate, a sufficient random sample of claimants was selected to achieve 95% confidence, with an error rate of plus-or-minus three percent. Survey participants were first mailed an introductory letter, then four days later a one-page instrument accompanied by a letter of explanation. Participants were asked to respond within 10 days. Participants who did not respond were sent a reminder letter after 15 days had passed. A toll-free number was available for participants to call with questions concerning the survey. Confidentiality was emphasized on the questionnaire and in all correspondence.

The survey achieved a 61% overall response rate, exceeding the goal of the research model. The following summary includes both average and median figures.<sup>1</sup> The median values were included because surveys of this type tend to produce limited number of values that are unusually high or low, which might skew an average. Throughout this report, results from the 2003 CES will be compared with CEX figures.<sup>2</sup> CEX and CES figures are presented in 2003 dollars.

The instrument asked participants to record their marital status and the number of people living in their household that were part of their family unit (i.e., excluding house mates, renters, and temporary guests), as well as the total household income for June 2003. They were then asked to record all expenditures during June 2003 in the following nine categories: housing, food, transportation, credit card and loan payments, health, entertainment, apparel and services, education, and miscellaneous. In addition, participants were asked to record any money put into savings or investments during June 2003.

## Uses and Limitations

Random sample surveys are prone to two primary types of errors, non-sampling and sampling. Non-sampling errors are caused by several occurrences, such as differences in the interpretation of questions, inability or unwillingness of the respondent to provide correct information, mistakes in coding the data obtained, and data

entry errors.

Three non-sampling errors that may have an effect on the results and accuracy of the 2003 CES are caused by participants receiving only generalized direction on what expenditures to include in the major categories on the questionnaire and were asked to record all payments made on credit cards, which may raise the possibility of duplicating expenditures. Secondly, it became apparent that claimants occasionally made the mistake of reporting the balance of their savings accounts and/or investments, instead of just recording money saved and/or invested during the month of June 2003. Lastly, it was also discovered some participants failed to record their actual expenditures for June 2002 (when they were actually collecting unemployment benefits), choosing rather to record their monthly expenditures for the time period prior to being unemployed. In all cases where responses on the survey seemed unusually high or low, or skewed in some other fashion, a follow-up call was conducted for clarification. Follow-up calls were made on an estimated 4.8% of responses. Overall, it is our opinion that these errors have not skewed our results, and that our research model is sound.

In general, sampling errors occur because observations are not taken from the entire population. Excluding participants (as mentioned above) from the survey universe based on the amount of unemployment compensation they received and whether or not they lived in the State of Washington will impact the results of the CES, but this impact will be negligible.

## Survey Results

Claimant households spent \$2,754 on average in June 2003, a decrease of \$275 from 2002 (see

Table One). Income also decreased from 2002 levels, dropping a total of \$269, from \$2,890 in 2002 to \$2,621 in 2003. Average individual household expenditures as a percentage of individual income remained relatively stable at 113.8%, decreasing just 0.7%. Similarly, when average household expenditures for the survey population as a whole (see Table Three) are summed and displayed as a percentage of average income, there was only a slight change of a two-tenths (0.2%) increase from 2002 levels, 104.8 to 105.1%.

Table Two compares the differences between CES and CEX income and expenditures. Changes in average income and expenditures in the 2001 CEX are in stark contrast with those of the 2003 CES. As displayed in Table One, the 2003 CES found that both income and household expenditures decreased in claimant households. Table Two shows 2001 CEX household income increasing by \$139 and expenditures increasing by \$9 for the western states. In addition, the 2001 CEX concluded that western households spent just 85.5% of their income annually, a 2.8% decrease from 2000, and 19.6% less than 2003 claimant households. In dollar figures, CEX households had \$959 more income in 2000, and \$1,367 more income in 2001, compared to claimant households.

Claimant household expenditures in proportion to total income changed very little from the 2002 to 2003 (see Table Three). Similar to the findings in 2002, claimant households continue to spend the majority of their income on vital household expenses, such as housing, food, and transportation costs. Credit card and loan payments saw the largest fluctuation of 1.6%.

Table Four details the notable drop in several claimant household expenditure categories from 2002 to 2003. There were large decreases in

Table One. Comparison of 2002 and 2003 CES Income and Average Expenditures*						
	2002		2003			
	Average	Median	Average	Change from 02	Median	Change from 02
<b>Household Income</b>	\$2,890	\$2,258	\$2,621	-\$269	\$2,032	-\$226
<b>Sum of Average Expenditures</b>	\$3,029	\$2,274	\$2,754	-\$275	\$2,002	-\$272
<b>Sum of Average Expenditures as % of Income</b>	104.8%	100.7%	105.1%	0.3%	98.5%	-2.2%
<b>Average Expenditures as % of Income</b>	114.5%	100%	113.8%	-0.7%	100%	0.0%
* - All figures in 2003 dollars						

Table Two. Average CES and CEX Household Income and Expenditures*							
	CES Survey		CEX Survey				
	2002	2003	2000		2001		
	Average	Average	Average	Diff. 02 CES	Average	Diff. 03 CES	Diff from 00-02
Household Income	\$2,890	\$2,621	\$3,849	\$959	\$3,988	\$1,367	\$139
Sum of Average Expenditures	\$3,029	\$2,754	\$3,399	\$370	\$3,408	\$654	\$9
Sum of Average Expenditures as % of Income	104.8%	105.1%	88.3%	-16.5%	85.5%	-19.6%	-2.9%
Average Expenditures as % of Income	114.9%	113.8%	NA	NA	NA	NA	NA
* - All figures in 2003 dollars.							

Table Three. Summary of 2002 and 2003 CES Expenditures, with Percent Change in Proportion to Total Household Income*										
	2002				2003					
	Average		Median		Average		% Change	Median		% Change
Expenditures	Sum	% of Total	Sum	% of Total	Sum	% of Total	02-03	Sum	% of Total	02-03
Housing	\$1,242	41.0%	\$1,119	49.2%	\$1,149	41.7%	0.7%	\$1,000	50.0%	0.7%
Food	\$398	13.1%	\$356	15.7%	\$384	13.9%	0.8%	\$327	16.3%	0.7%
Credit Cards & Loans	\$383	12.6%	\$203	8.9%	\$305	11.1%	-1.6%	\$175	8.7%	-0.2%
Health Care	\$195	6.4%	\$102	4.5%	\$190	6.9%	0.5%	\$100	5.0%	0.5%
Transportation	\$393	13.0%	\$305	13.4%	\$333	12.1%	-0.9%	\$220	11.0%	-2.4%
Apparel/ Services	\$72	2.4%	\$51	2.2%	\$75	2.7%	0.4%	\$50	2.5%	0.3%
Education	\$59	1.9%	\$0	0.0%	\$57	2.1%	0.1%	\$0	0.0%	0.0%
Entertainment	\$75	2.5%	\$36	1.6%	\$67	2.4%	0.0%	\$30	1.5%	-0.1%
Miscellaneous	\$212	7.0%	\$102	4.5%	\$194	7.0%	0.0%	\$100	5.0%	0.5%
Sum of Expenditures	\$3,029		\$2,274		\$2,754			\$2,002		

spending on credit card and loan payments, transportation, and entertainment, moderate decreases in housing, apparel and services, and miscellaneous items, while spending on food, health care, and education remained relatively stable.

As shown in Table Five, the expenditure gap between claimant households and the greater public increased significantly in 2003. While claimant households spent an average of just over nine percent less money in 2003 compared to 2002, the average household in the Western United States spent slightly more money (0.2%) in 2001 than 2000. Furthermore, the difference in total expenditures jumped

significantly, with western households spending \$654 more on household expenditures in 2001, compared to claimant households in 2003. In 2000, western households spent just \$370 dollars more than claimant households in 2002.

The 2003 CES found that unemployment benefits are more important than ever for the average claimant household, as 5.2% additional households reported them as their sole income, compared to 2002 (see Table Six). Unemployment compensation represented 69.5% of total income for the average claimant household in 2003, compared to 66.9% in 2002 (a 2.6% increase).

Table Four. Summary of 2002 and 2003 CES Expenditures, Change in Dollars*								
	2002		2003					
	Average	Median	Average			Median		
Expenditures	Sum	Sum	Sum	\$ Change from 02	% Change from 02	Sum	\$ Change from 02	% Change from 02
Housing	\$1,242	\$1,119	\$1,149	-\$93	-7.5%	\$1,000	-\$119	-10.6%
Food	\$398	\$356	\$384	-\$14	-3.6%	\$327	-\$29	-8.1%
Credit Cards & Loans	\$383	\$203	\$305	-\$78	-20.4%	\$175	-\$28	-13.8%
Health Care	\$195	\$102	\$190	-\$5	-2.6%	\$100	-\$2	-2.0%
Transportation	\$393	\$305	\$333	-\$60	-15.3%	\$220	-\$85	-27.9%
Apparel/Services	\$72	\$51	\$75	\$3	4.7%	\$50	-\$1	-2.0%
Education	\$59	\$0	\$57	-\$2	-3.3%	\$0	\$0	0.0%
Entertainment	\$75	\$36	\$67	-\$8	-10.5%	\$30	-\$6	-16.7%
Miscellaneous	\$212	\$102	\$194	-\$18	-8.5%	\$100	-\$2	-2.0%
<b>Total</b>	<b>\$3,029</b>	<b>\$2,274</b>	<b>\$2,754</b>	<b>-\$275</b>	<b>-9.1%</b>	<b>\$2,002</b>	<b>-\$272</b>	<b>-12.0%</b>
* - All figures in 2003 dollars.								

Table Five. Comparison of the Average CES and CEX Expenditures*										
	CES Survey				CEX Survey					
Expenditures	2002	2003	\$ Change 02-03	% Change 02-03	2000	Diff. from 02 CES	2001	Diff. from 03 CES	\$ Change 00-01	% Change 00-01
Housing	\$1,242	\$1,149	-\$93	-7.5%	\$1,250	\$8	\$1,296	\$147	\$45	3.6%
Food	\$398	\$384	-\$14	-3.6%	\$497	\$99	\$479	\$96	-\$18	-3.6%
Credit Cards & Loans <sup>3</sup>	\$383	\$305	-\$78	-20.4%	\$0	NA	\$0	NA	NA	NA
Health Care	\$195	\$190	-\$5	-2.6%	\$179	-\$16	\$184	-\$6	\$5	2.7%
Transportation	\$393	\$333	-\$60	-15.3%	\$711	\$318	\$713	\$380	\$2	0.3%
Apparel/Services	\$72	\$75	\$3	4.7%	\$174	\$102	\$150	\$75	-\$24	-13.9%
Education	\$59	\$57	-\$2	-3.3%	\$60	\$1	\$69	\$12	\$9	14.3%
Entertainment	\$75	\$67	-\$8	-10.5%	\$181	\$106	\$194	\$126	\$13	7.0%
Miscellaneous	\$212	\$194	-\$18	-8.5%	\$346	\$134	\$323	\$129	-\$24	-6.8%
<b>Total</b>	<b>\$3,029</b>	<b>\$2,754</b>	<b>-\$275</b>	<b>-9.1%</b>	<b>\$3,399</b>	<b>\$370</b>	<b>\$3,408</b>	<b>\$654</b>	<b>\$8</b>	<b>0.2%</b>
* - All figures in 2003 dollars.										

Typically, claimant households in both 2002 and 2003 did not save or invest money (see Table Seven). Of the households that did manage to save or invest money (22.7% of households in 2003), the total amount decreased by \$220, from \$611 in 2002 to \$391 in 2003.

The average size of households seems to be consistent between CES and CEX surveys. Households surveyed in the CEX were only one-tenth larger on average in 2001, compared to the 2003 CES. The 2003 CES found claimant households to be slightly larger than in 2002, climbing a modest one-tenth of one percent.

Table Nine offers a more detailed look at household size from the 2002 and 2003 CES. The findings are comparable nationally.

Table Six. Unemployment Benefits as a Percentage of Household Income			
	2002	2003	% Change 02-03
Sole Income (100%)	28.0%	33.3%	5.2%
Majority of Income (=>50%, but <100%)	35.9%	33.1%	-2.8%
Less than Half (<50%)	36.1%	33.7%	-2.4%
Average	66.9%	69.5%	2.6%
Median	66.1%	68.6%	2.5%

Table Seven. Savings and Investments, CES, 2002-2003*			
	2002	2003	Change 02-03
Saved or Invested Money	23.1%	22.7%	-0.4%
None	76.9%	77.3%	0.4%
Average Savings/Investments	\$87	\$143	\$54
Median Savings/Investments	\$0	\$0	\$0
Average Savings/Investments when >\$0.00	\$611	\$391	(\$220)

\* All figures in 2003 dollars.

Table Eight. Average Household Size, by Marital Status			
	CES		CEX
	2002	2003	2001
Married	NA	3.1	3.2*
Not Married	NA	1.9	1.8*
All Households Combined	2.4	2.5	2.6**

\* - National. \*\* - West only; nationally, this figure is 2.5.

Table Nine. Number of Household Members, CES, 2002-2003								
	2002		2003					
Num People	Number		Not Married		Married		Combined	
1	255	29.2%	252	52.6%	10	1.8%	262	25.0%
2	298	34.2%	102	21.3%	242	42.5%	344	32.8%
3	133	15.3%	57	11.9%	110	19.3%	167	15.9%
4	118	13.5%	46	9.6%	126	22.1%	172	16.4%
5	51	5.8%	15	3.1%	54	9.5%	69	6.6%
6	14	1.6%	5	1.0%	18	3.2%	23	2.2%
7	2	0.2%	2	0.4%	7	1.2%	9	0.9%
8	1	0.1%	0	0.0%	3	0.5%	3	0.3%
Total	872		479		570		1,049	

**(Endnotes)**

<sup>1</sup> Median is a measurement of central tendency. It is the value of the case marking the midpoint of an ordered distribution of values.

<sup>2</sup> When possible, statistics from the CEX will be presented for the western region of United States rather than nationwide. The western region includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

<sup>3</sup> The CEX does not collect information on credit card payments.

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